App F IX 4

1953-57 ( C M )

File No 113-53-

Serial Nos 1, 2

*Previous References*

C M 76-51-1, 2 K3,
C M 58-52-1, 2
C M 58 52 - C3, 4, 5, 6, 7, 8, 9)
C M 76 - 51 - 4, 5

*Later References*

LLK 58 C M L 57

LL4 35 17 F A 55
PLM 12 C B B G

# GENERAL AND REVENUE SECRETARIAT

*Serial Nos* 2

P-12
E

**Part B for** July 1953

**SUBJECT**

Cash credit loan accommodation under the guarantee of the Government of Mysore

WD 01425—GPB—25 000—15 9 1952

1 H135-39 / Dated 7-7 53

The Municipal Commissioner Mysore
" Accountant General
" Controller S A D
" Commissioner for L-S-G
" Genl Manager, Bank of Mysore, B'lore

Issues Instructions

2M3

General and Revenue Secretariat | File No | of 19

WD 02201—GPB—10 000—7 1 53

Serial No

Memo No. Ft (B) 3391-3 Dated 6.6.53 from the Additional Resident Secretary, Finance Department, forwarding a copy of letter No 33/FH-AS-D 29.5.53 from the Agt. in the matter of Cash Credit Loan accommodation under the guarantee of the Government of Mysore

(1) for personal. Loan of 5 lakhs to the Mysore City Municipality sanctioned under Gyo. No. Ft 8852-55/C-II 76-51-2 D 17.11.51 only relates to the Branch. The Collector leading to the issue of the said Gyo. is placed below for reference.

(2) Letter D 15.5.53 of the President, Municipal Council, Mysore, in File D No. 1272/53/NL placed below for perusal. It will be seen therefrom that the loan in question has not been drawn so far.

(3) Gyo Nos 8852-55/C-II 76-51-2 D 17.11.51 and Gyo No. B 12104-7/C-II 58-52-2 D 28.10.52 in his behalf seem to provide for all the safeguards and contingencies required by the A.G. The A.G. may perhaps be furnished with copies of the two Gos with the information that the loan has so far not been operated

OFE-Contn Sheet

MAS

476

Serial No

4 The terms attached to the overdraft loan sanctioned to be obtained from the Bank of Mysore by the Mysore city municipal Council are.-

(i) proceeding overdraft upto a limit of Rs 5 lakhs.

(ii) Interest to be charged by the Bank at ½ % over the rate of the Reserve Bank of India at with a minimum of at ½ %, on the actual debit balance

(iii) The limit of the loan to be reduced by one lakh every year

(iv) The overdraft loan to be used mainly for financing a Scheme of laying Roads in the city and for other Revenue yielding Schemes, but never for discharging any existing loan.

(v) provision to be made in the Budget of the Municipality every year to the extent of not less than Rs 1 lakh for Repayment of principle and payment of interest

(vi) Commission to Govt at ½ % per annum on the total guaranteed amount of Rs 5 lakhs to be paid by the municipal council for the guarantee

5 The Controller, S A.D has been requested to this office letter No. L 22014/e IV 58-59

Serial No

dated 23-3-53 to see that adequate provision is made by the municipal Council for payment of the money to be obtained from the Bank towards Loans as a first charge on the municipal Revenues. He has also been instructed to prescribe, if necessary, periodical Statement of accounts of this Loan in a suitable and convenient form to watch the position and to ensure satisfactory fulfilment of the conditions.

6 As the commission is to be paid on the entire guaranteed amount or least reference to what part of it is actually utilised by the Council, the commission may be adjusted annually at the beginning of the year on Certificate from the Bank is necessary

7 A separate audit Section under the Controller, S.A.D is attached to the Office of the Municipality and this agency will audit the Loan account also

8 The G.O. Sanctioning the Loan enjoins that a Sum of Rs 1 lakh should be set apart every year for Repayment

Cash Credit loan accommodation under the guarantee of the Govt of Mysore

4 File No 1651/52 of 195

General and Revenue Secretariat

Serial No 1651/53 MC

9 In the above correspondence the file may be returned to the Financial Secretariat for furnishing a detailed reply to the A G and returning all the reference files put up herewith.

by 11/6/53

8/6/11 Asst Secy, Fin (Budget) Bgr 12/6/53

FIN. SECT. 1680/B 13 JUN 1953 BUDGET

The Accountant wants information on the points noted in paragraph 2 of the letter dated 29 5 53 The G O dated 22 11 51 does not cover all these points As regards point 1 of the A G's letter, the Comr for L S. G may be appointed as the authority to watch the fulfilment of conditions attached to the overdraft accomodation In regard to 3&4, suitable dates may be suggested, the instalments being half yearly In regard to the points 5 & 8, the Addl Secy may kindly examine the question & make suitable proposals

A fresh G O Covering all the points raised by the AG may, perhaps, be issued in Consultation with (F.D.) M[illegible]

17/6 DN 17/6

Please speak 18/6

XXX APS 16/6

WD 01404—GPB 40 000—18 10–52

Cash Credit loan accomodation under the guarantee of the Govt of Kerala C

Serial No

1680/Ms

Discussed The Administrative Secty may have to take action to issue a fresh order Compressing the following points

Item 2 of AG's letter - Since the original G O dated 17 11 51 does not contain this cndn, it is suggested that the Commr for L S G. may be designated as the Competent authority required to watch & Certify That the Conditions are fulfilled

Items 3 & 4 The Commn may be paid half yearly on dates to be Specified.

Item 5 The Local Body makes proper provision for repayment of loan in instalments & the question of non repayment does not arise

Item 6 The Controller. S A D audits the accounts

Item 7 No Sinking fund is necessary in view of 5 above

AGs 19/6 — Hlsy) WS 19/6

L S G Sy) S 20/6/53 WS

Draft

GS 23/6 Pr 24/6

Sd/- Hilli a draft G.O for approval with the Concurrence of the Financial Secty (Secy L S G) AG 24/6

SECRETARY TO GOVERNMENT 2304 22 JUN 1953

SECRETARY TO GOVERNMENT 2598 2 NOV 1953

NOTE—Contn Sheet

Cash credit loan accommodation under the guarantee of the Govt of Mysore.

File No 16 54/M1 of 19

General and Revenue Secretariat

Serial No

FINANCIAL SECRETARY GOVT. OF MYSORE -3 III 1953 U.O No 3055 FL

for fo Concurrence

3/7

for Secy

SECRETARY TO GOVERNMENT 4-III-1953 DEPARTMENT

Issue

4/7

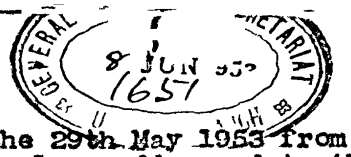
No. Fo 4135-39/CH 113-53-2 dated 7-7-53

Gives certain directions and additional instructions in the matter of accounting and payment of commission in respect of the Cash Credit loan accommodation secured for the Mysore City Municipal Council

To

(1) The Municipal Commissioner, Mysore
(2) The A.G.
(3) Controller E.A.D.
(4) Commissioner, Fo. S.G.
(5) Y.M. Branch of Mysore Bank

28/7/53



Letter No.33/T.14-A5 dated the 29th May 1953 from the Accountant General, Mysore, Bangalore addressed to the Secretary to Government, Finance Department.

SUBJECT : Cash credit loan accommodation under the guarantee of the Government of Mysore .-

C M 113-53-1

I write to state that the Government of Mysore have stood guarantee for the following Companies in respect of the Cash credit loans raised by them in the Banks as per Government Orders noted against each :-

| Name of Concern. | Govt. Order | Amount. |
|---|---|---|
| | | Rs |
| 1. The Mysore Spun Silk Mills Ltd. Channapatna. | No.D.2155-60/Seri.12-41-3 dated 3-10-41 and 8604/Seri 35-50-2 ft.20-3-51. | 2,50,000 |
| 2. The Kapila Textile Mills, Mysore. | No.8925-7/I&C.350-48-3 Dt.16-6-49 and C&D.1027-30/ Com.9-5-61 dt.28-11-51 | 10,00,000 |
| 3. The Mysore Lamp Works Ltd., Bangalore. | No.D.3843-5/I&C.235-49-8 Dt.5-9-50 | 9,90,000 |
| 4. The Mysore Chemicals & Fertilizers Ltd.Mysore. | No.Fl.6907/GF.292-38-4 Dt.21-4-39 & Fl.7991-95/ GF.260-46-2 Dt.8-5-47. | 7,00,000 |
| 5. The Mysore Silk Filatures Ltd. T.Narasipur. | S.R,5378-82/Seri.103-50-3 Dt. 3-11-51 | 3,20,000 |
| 6. The Mysore Paper Mills Ltd., Bhadravati. | D.696-99/I&C.176-50-7 Dt.5-5-51 | 15,00,000 |
| 7. The Mysore City Municipality. | No.L.8252-55/CM.76-51-2 Dt.17-11-51. | 5,00,000 |

As the guarantee given by Government in these cases appear to be in the nature of "Contingent Liabilities" contemplated in Arts.101 and 102 of the Audit Code, the following additional information may kindly be furnished to enable this office to ensure whether the requirements of audit as envisaged in the Audit Code are being fulfilled by the various Companies on whose behalf Government have stood as guarantors :-

1. Terms or conditions attached to each case.
2. The Departmental authority required to watch and certify that the required conditions are being fulfilled.

.....2

8 copies --

PROCEEDINGS OF THE GOVERNMENT OF MYSORE

/c m 113-53-2

READ -

Government Order No L 8852-55/CM 76-51-2 dated 17/22-11-1951 sanctioning the proposals for the obtaining of financial accommodation for the City Municipality, Mysore, to the extent of Rs 5,00,000 on an overdraft basis from the Bank of Mysore, Ltd , carrying interest not exceeding 3½% payable on the actual ~~xxxx~~ debit balance, Government standing guarantee for the repayment of the principal and the payment of interest subject to the condition that a commission of ½% per annum on the total amount guaranteed viz , Rs 5,00,000/- being charged for the guarantee

2 Letter No L 14132/CM 76-51-5 dated the 26th February 1952 to the Manager, ~~Xxxxx~~ Bank of Mysore, Ltd , modifying the Government guarantee to cover the repayment of principal and the payment of interest at 4½% per annum instead of 3½% per annum as originally mentioned in the Government Order dated 17/22-11-1951 on the actual debit balance against the Municipality in the accounts of the Bank

12104

Reg no 100 to c m 58/52-2 dt 28-10-52 directing that the guarantee for obtaining the above financial accommodation be modified to cover the overdraft upto a limit of Rs 5,00,000/- at 1% over the Reserve Bank rate with a minimum of 4½%, the limit also being reducible by Rs one lakh per annum

3 Letter No C2 P R 37/51-52 dated 16th Septr 1952 from the Commissioner, Mysore City Municipality requesting to further modify the guarantee as required by the Mysore Bank, to cover the overdraft upto a limit of Rs 5,00,000/- at 1% over the rate of Reserve Bank of India with a minimum of 4½%, the limit also being reducible by Rs 1,00,000/- per annum, the same having been approved by the Municipal Council in its resolution dated 8-8-1952

4 Letter No L 22014/CM 58-52-9 dated 23-3-53 directing the Controller, State Accounts Department ~~ø~~ to take needful action to prescribe a suitable and convenient form to obtain periodical statements of accounts of the loan and watch the position and to

to see that the Municipality makes adequate provision in its Budget to repay these overdrafts at the rate of Rs one lakh every year and for the recovery of commission at half a percent (½ %) on the guaranteed amount of Rs 5,00,000/-

5 Letter No 33/T 14 A5 dated 29th May 1953 from the Accountant General in the matter of cash credit loan accommodations under the guarantee of Government, and conditions, safe-guards and other stipulations required for Audit and accounting of the loans

=====

ORDER NO L 4135-39

Dated, Bangalore 3rd June 53

The overdraft loan referred to above to be obtained from the Bank of Mysore ~~for~~ by the Mysore City Municipal Council for which the Government of Mysore has stood security is in the nature of 'contingent liabilities' as contemplated in Articles 101 and 102 of the Audit Code

In order to enable the Accountant General to ensure that the requirements of Audit are fulfilled as required by the Code the following additional instructions are issued in respect of the said loan -

i) The Commissioner for Local Self-Government is designated as the authority required to watch and certify that the conditions of the loan are fulfilled

ii) The Commission due to Government shall be paid half yearly on 1st October and 25th of March each year

** subject to approval

3/7/53

Secretary to Government,
L S G & Planning Departments

To
The Municipal Commissioner, Mysore City Municipality (thro' the President)
" Accountant General-Mysore, Bangalore
" Controller, State Accounts Department,
" Commissioner for L S G in Mysore, Bangalore
" Bank of Mysore Ltd

3/7/53 knr/draft/1/7

## PROCEEDINGS OF THE GOVERNMENT OF MYSORE

5

R e a d :-

Government Order No.L.8652-55/C.M.76-51-2 dated the 17/22nd November 1951 sanctioning the proposals for the obtaining of financial accommodation for the City Municipality, Mysore, to the extent of Rs.5,00,000/- on an overdraft basis from the Bank of Mysore, Ltd., carrying interest not exceeding 3½% payable on the actual debit balance, Government standing guarantee for the repayment of the principal and the payment of interest subject to the condition that a commission of ½% per annum on the total amount guaranteed viz., Rs.5,00,000/- being charged for the guarantee.

2. Letter No.L.14132/C.M.76-51-5 dated the 26th February 1952 to the Manager, Bank of Mysore Ltd., modifying the Government guarantee to cover the repayment of principal and the payment of interest at 4½% per annum instead of 3½% per annum as originally mentioned in the Government Order dated the 17/22nd November 1951 on the actual debit balance against the Municipality in the accounts of the Bank.

3. Government Order No.L. 12104-7/C.M.56-52-2 dated the 28/29th October 1952 directing that the guarantee for obtaining the above financial accommodation be modified to cover the overdraft upto a limit of Rs.5,00,000/- at 1% over the Reserve Bank rate with a minimum of 4½%, the limit also being reducible by Rs.1,00,000/- per annum.

4. Letter No.L.22014/C.M.56-52-9 dated the 23rd March 1953 directing the Controller, State Accounts Department, to take needful action to prescribe a suitable and convenient form to obtain periodical statements of accounts of the loan and watch the position and to see that the Municipality makes adequate provision in its Budget to repay these overdrafts at the rate of Rs.1,00,000/- every year and for the recovery of commission at half a per cent (½%) on the guaranteed amount of Rs.5,00,000/-

5. Letter No.33/F.14.A3. dated the 29th May 1953 from the Accountant-General in the matter of cash credit loan accommodation under the guarantee of Government, and conditions, safe-guards and

and other stipulations required for audit and accounting of the loans.

G.O.No.L.4135-39/FM 113-53-2

Bangalore, the 15 JULY 1953.

The overdraft loan referred to above to be obtained from the Bank of Mysore by the Mysore City Municipal Council for which the Government of Mysore has stood security is in the nature of 'contingent liability' as contemplated in Articles 101 and 102 of the Audit Code.

2. In order to enable the Accountant-General to ensure that the requirements of Audit are fulfilled as required by the Code, the following additional instructions are issued in respect of the said loan:-

(i) The Commissioner for Local Self-Government is designated as the authority required to watch and certify that the conditions of the loan are fulfilled.

(ii) The commission due to Government shall be paid half-yearly on 1st October and 25th of March each year.

(V. Panchanthappa)
Joint Secretary to Government,
L.S.G. & Planning Departments.

To

The Municipal Commissioner, Mysore City Municipality, Mysore,
(through the President)
" Accountant-General, Mysore, Bangalore,
" Controller, State Accounts Department,
" Commissioner for Local Self-Government in Mysore,
" General Manager, Bank of Mysore Ltd.

FM.8.6/7.